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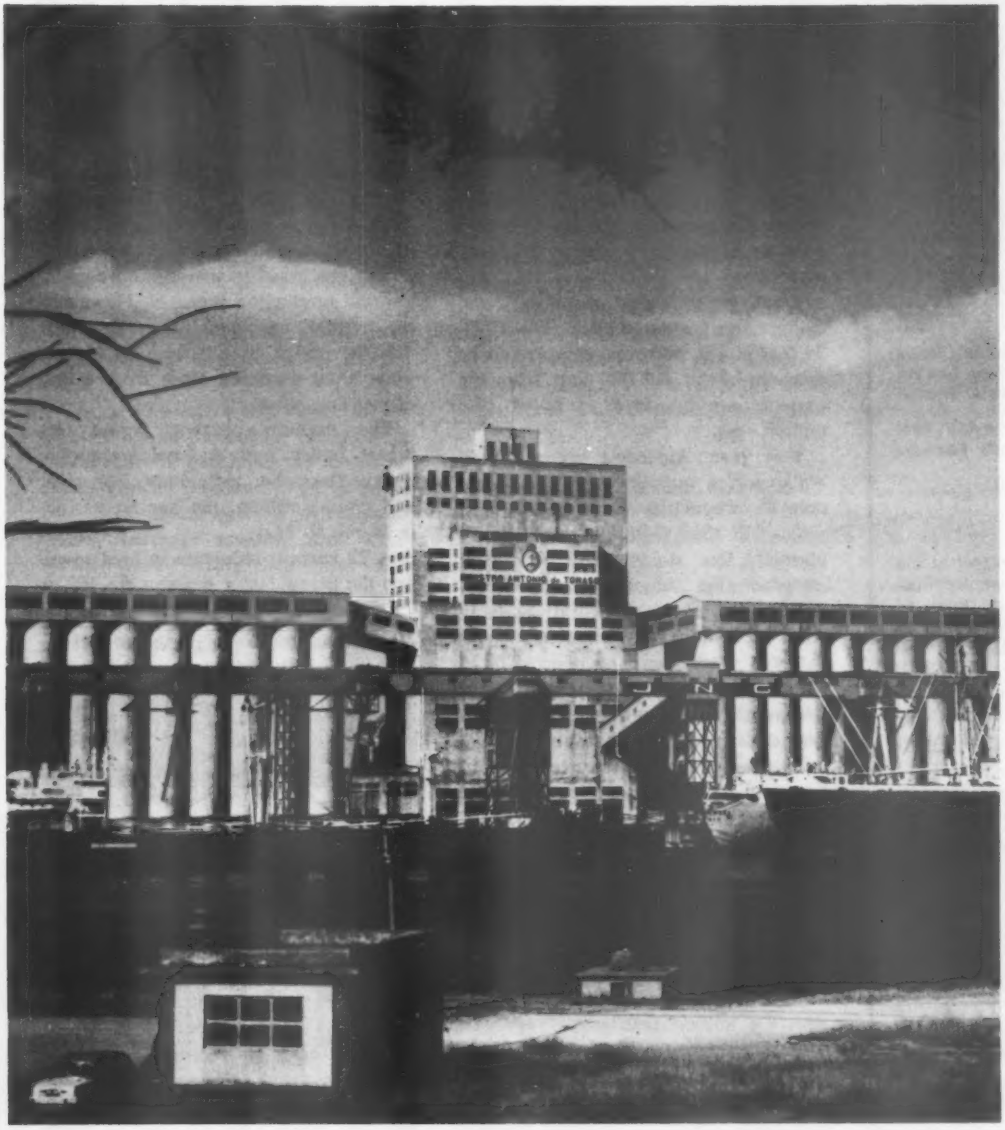

March 18, 1974

Argentina's Record Grain Harvest

World Cotton Output in 1974-75

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

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This week's cover:

Grain is loaded for export at the huge Antonio de Tomaso terminal elevator at the port city of Quequén, Argentina. Corn production in 1974-75 Argentine marketing year is expected to total a strong 9.6 million tons. See article beginning this page.

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Argentina Reaps Record Harvests Of Coarse Grains, But Less Wheat

By JAMES W. WILLIS
Assistant U.S. Agricultural Attaché
Buenos Aires

RECORD 1973-74 Argentine harvests of coarse grains are in prospect, and the higher tonnages probably will offset an anticipated decline in the bread wheat crop.

Total grain export supplies from major crops harvested during the 1973-74 season are, however, expected to be down by about 408,000 tons from the previous season's level of about 10.5 million tons.

This year, Argentina probably will not export a quantity of wheat larger than its production—as was done last year—and thus further reduce its abnormally low stocks. Also, it is not expected that Argentina will import wheat at present high world prices in order to maintain export prices.

Corn production for the 1974-75 marketing year is headed for a strong 9.6 million tons—up 600,000 tons from last year's good outturn. Grain sorghum production also will be up to a record 5 million tons—an increase of 800,000 tons over the previous season's high level. Coarse grain supplies will, therefore, total 14.6 million tons, which is 1.4 million tons above total 1973-74 marketing year supplies.

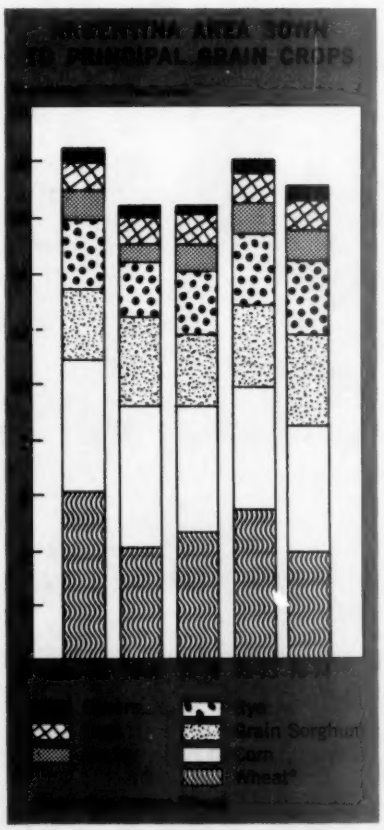
Wheat output, on the other hand, probably will total no more than 6 million tons this crop year, compared with 6.8 million tons a year ago. All of this reduction will be due entirely to a lower bread wheat crop. Durum wheat output is headed this year for a substantial rise—an estimated 640,000 tons, compared with 550,000 tons in the previous year.

The area sown to the 1973-74 crops of rye, barely, and oats is down only slightly from the 1972-73 level. However, total outturn is expected to be down even further. Yields are down, and the percentage of sown area harvested possibly will be reduced. Higher cattle prices vis-a-vis small grain prices could again make onfarm feeding feasible, thus reducing marketable supplies.

The heavy rains that innundated some wheat fields and caused poor germination in other fields were chiefly responsible for the meager wheat sowings in 1973. Later, a lack of rain and resulting hard ground restricted cultivation during the growing season, and caused lowered production potential. However, the outlook improved after the short drought ended in October. Yields in some areas exceeded those from crops of previous years.

The Argentine harvest period for wheat, barley, oats, and rye is approximately December to January. For corn and grain sorghum, the harvest period is March to May.

A 22 percent reduction in area sown was the major factor limiting the 1973-74 wheat output. Most of the reduction



took place in Entre Rios, Santa Fe, and La Pampa, where because wheat areas often are used for pasturing, a smaller portion of the total areas sown is harvested. In the main production zone of southern Buenos Aires Province, flooding during the June-August planting season was less prevalent, and the August-September drought was less severe.

If wheat yields in southern Buenos Aires Province match the high yields recorded in the northern production zones, a crop of 6 million tons would be possible. Frost, hail, and water damage in the southern zone were localized, and affected quality more than yields. Also, a larger proportion of this area was sown with higher-yielding Durum wheat.

The good weather that improved the wheat crops at the end of the growing season also is benefiting the crops of coarse grains. Corn and grain sorghum producers, encouraged by high support prices, increased sowings after widespread rains during September and October improved the prospects for increased seed germination.

Had the drought ended earlier, and had sufficient quantities of good-quality seeds been available, ample land areas would have been available for expanding coarse grain plantings—especially grain sorghum.

Some of the 24 percent (2.4 million acres) reduction in bread wheat area was used to increase areas sown in corn. But these wheat-growing areas were used partly to increase grain sorghum production by about 10 percent, since grain sorghum can be planted through most of November in many areas, and also because the dry zones of the north are less suitable for corn.

Although gross returns on sorghum are less than for corn, production costs are lower. And sorghum acreages can often be used as emergency pastures during the summer months. The continuation of price ceilings on wheat and beef noticeably reduced returns from these commodities vis-a-vis those from sorghum. Producers, as a result, had an incentive to continue their expansion of grain sorghum plantings on land previously assigned to small grains and to livestock.

The Government is encouraging the expansion of sorghum production by increasing the 1973-74 support prices to about the market levels that existed prior to takeover of the 1973-74 grain sorghum and corn crops by the Grain Board in January 1974. Also, the Government is administering a $781,500 promotion program designed to encourage plantings of both sorghums and soybeans.

INFLATION TENDS to dilute the effectiveness of support-price programs. To meet this challenge, the Government in recent years has raised support prices during the growing seasons.

Additional factors have encouraged producers to expand their production of coarse grains. An absence of price ceilings, for one thing. (Bread wheat, in contrast, was previously the only grain under price control.) The pending land-reform bill, for another. Attractive market prices have had their effect. As a result of these factors, flint corn has been selling at only slightly less than bread wheat prices.

Rye, barley, and oats are yet to be placed under Government control, but even if output remains constant the supply of these grains available to private traders is clouded by a lack of data on consumption and stocks. The export supply again will depend on price relationships with meat prices, which during the 1972-73 marketing year resulted in increased onfarm feeding, thus lowering the volume marketed.

During the final quarter of each calendar year, exporters usually sell sizable quantities of grains—especially corn and sorghum—for delivery during the following year. But in the fourth quarter of 1973 and during the early part of 1974, exporters were reluctant to sell short, due to the relatively high

ROLE OF GRAIN TRADERS IN ARGENTINA IS CUT

The recent takeover of grain marketing by the National Grain Board in Argentina has reduced the role of large grain traders and shippers to a minimum level. These organizations previously were allowed to purchase grain directly from farmers. They have elevators throughout the grain-growing areas, and formerly would take grain from country points and move it into export position or market it domestically. Now, these private firms are limited to receiving grain from farmers for the account of the Grain Board. This restricts their function merely to grading, drying, storing, or other required treatment.

The Board moves grain from elevators at its discretion when it decides—for example—to move any given quantity into export position, offering it to shippers on an f.o.b. basis, or marketing the grain domestically. Or, shipping may be arranged by the Board on sales made on a government-to-government basis. At present, the Grain Board appears to be moving further in the latter direction, leaving shippers with an even smaller role.

Before the grain trade was nationalized, farmers received market prices which were backed up by support prices. Export taxes held the market prices well under world prices, but were not high enough to drive market prices down to the support level. Support prices followed market prices up by several adjustments during the season—a consequence of the strong inflation taking place in Argentina. This encouraged farmers with storage capacity to hold their grain and market it later in the season.

The new system provides for only a single market price—that fixed by the Grain Board. It appears uncertain if and when the price will be adjusted to compensate for inflation, since there will not be a free market price reflecting inflationary tendencies. Also, it appears that inflation is more under control as a result of the recent price-control program. These developments will encourage farmers to market their grain as soon as possible, although the Grain Board has just instituted a premium of 3 cents per ton per day to farmers who hold grain on the farm from 1 to 90 days and somewhat more for longer periods.

However, this will be a strain on the country's transportation system, as well as on off-farm storage facilities, and there is likely to be a delay in export movement.

export taxes and the uncertainties related to the proposed grain nationalization law.

Currently, the National Grain Board is acting as the exclusive purchaser and exporter of bread wheat, and as the sole purchaser of Durum. Trade in coarse grains is now carried on almost entirely by private firms.

The Grain Board has indicated interest in selling 170,000 tons of corn annually to Cuba, as well as up to 1 million tons of grain each year to the People's Republic of China. At least part of these amounts could be filled from the 1972-73 supplies of corn, which at the end of 1973 were estimated at about 1 million tons. Little or no grain sorghum from the 1972-73 crop was available for export, however.

GOVERNMENT CONTROL of corn and grain sorghum marketing has caused delays in forward export sales. Last season, when coarse grain supplies were less than this year's, about 1.5 million tons of new crop corn and 500,000 tons of grain sorghum were booked for export by early February—compared with only a few hundred thousand tons this season. However, if the Grain Board increases the size of its weekly tenders from the 150,000 tons each for corn and grain sorghum now being offered to traders on an f.o.b. position, all but about 10 percent of this season's exportable supplies should be shipped by the end of calendar 1974.

Disposing of the exportable surplus from the 1973-74 bread wheat crop should offer no problem to the Grain Board. The volume will be smaller than usual. And sales to foreign countries will be on a government-to-government basis.

In order to ship supplies which it controlled, the Grain Board announced agreements in mid-December to export 250,000 tons of Durum wheat to Sierra Leone. If this agreement is met, only about 250,000 tons of Durum will remain for shipment to Italy, the traditional outlet for Argentine Durum wheat exports. During the 1972-73 marketing year, Argentina shipped 355, 600 tons of Durum wheat to Italy.

If the proposed grain nationalization law should replace the existing export retention tax system, the prices received by producers probably would not vary greatly from present levels. Under the State trading system, grain also was

Continued on page 12

World's Cotton Output Could Move to New High in 1974-75

By H. REITER WEBB
Cotton Division
Foreign Agricultural Service

COTTON ACREAGE in 20 of the largest foreign producing countries could rise by about 3.3 percent in 1974-75, according to reports from USDA's Agricultural Attachés. But a possible decline in foreign yields may hold the increase in foreign production to about 1 million bales.

Foreign cotton consumption also is projected to rise in 1974-75, suggesting that stocks in importing countries will need to remain high. Foreign consumption is forecast to increase by as much as 2.5 to 3 million bales. stimulated by a decline in manmade fiber availability caused by energy shortages (*Foreign Agriculture*, February 25, 1974).

Although these estimates are highly tentative, the gap between foreign output and consumption, as well as the present level of U.S. forward sales, suggests that U.S. cotton exports in 1974-75 could total 5.5 million bales—about 200,000 bales below this season.

As of February 10, slightly more than 3.1 million bales of U.S. cotton had already been registered for shipment next season. Also, about 1.3 million bales registered for export this season may not be shipped until after the beginning of the new cotton marketing year on August 1 because of transportation difficulties. Thus, as much as 4.4 million bales may be committed for export—3 million of which are from a crop not even planted.

According to USDA's January 1 planting intentions report, U.S. cotton producers expect to plant about 14.5 million acres in 1974-75. Assuming average abandonment, yields of about a bale per harvested acre would produce a crop of approximately 14 million bales. If yields should continue at the relatively high levels of 1972-73 and 1973-74, the crop might approach 15 million bales. On the other hand, if yields should fall to the relatively depressed levels of the late 1960's, outturn could be only 13 million bales.

Although U.S. cotton consumption has trended downward from the peak of 9.5 million bales in the mid-1960's to an estimated 7.5 million bales this season, the trend could reverse next season. Projections by USDA show U.S. consumption during 1974-75 at about 7.7 million bales, while a National Cotton Council study forecasts that domestic consumption will rebound to about 8 million bales.

If the projections materialize, U.S. exports and consumption together would result in a total offtake of about 13.2 million bales in 1974-75. Thus, if U.S. production should be about 14 million bales, U.S. stocks would increase by 800,000 bales next season. Most observers consider this level of increase a relatively healthy development, considering that U.S. stocks—particularly of the longer staple lengths—have remained at a rather low 4 million bales or less for the past 3 years.

FOREIGN COTTON PRODUCTION, CONSUMPTION STOCK CHANGES, AND U.S. EXPORTS
(In millions of bales of 480 lb. net)

Year	Foreign production	Foreign consumption	Gap	Foreign stock change[1]	U.S. exports
1969-70	42.3	45.9	3.6	−0.7	2.9
1970-71	41.8	46.5	4.7	− .8	3.9
1971-72	46.6	47.6	1.0	+2.4	3.4
1972-73[2]	45.6	48.9	3.3	+2.0	5.3
1973-74[3]	47.0	51.0	4.0	+1.7	5.7
1974-75[4]	48.0-49.5	53.5-54.0	4.0-6.0	—	5.5

[1] Including destroyed and unaccounted for. [2] Preliminary. [3] Estimate. [4] Forecast.

Prospects for U.S. exports in 1974-75 will depend largely on changes that occur in foreign consumption, production, and stocks. In any given year, U.S. exports are equal to the difference between foreign cotton consumption and production, plus or minus any changes in foreign stocks.

In contrast to the United States, consumption of cotton in foreign countries has increased every year for more than a decade and the rate of increase has been moving up rapidly. This rising rate of increase is likely to continue in 1974-75, particularly if energy shortages cause manmade fiber use to drop. Beginning in 1970-71, the annual increase in foreign cotton consumption has been 600,000, 1.1 million, and 1.3 million, and is expected to be 2.1 million bales this season.

While most of the increase in foreign cotton consumption prior to 1972-73 came in Communist countries, Asian markets, and raw-cotton-exporting countries, mill consumption in Western Europe has also risen during the past 2 years.

Surveys conducted by U.S. agricultural attachés have defined prospects for foreign production of upland cotton—main competitor with U.S. cotton. Consulting local cotton industry and government sources, attachés determined the acreage likely to be planted in cotton in 20 producing countries in the 1974-75 season.

Estimates for the USSR and the People's Republic of China (PRC) have been included, since combined acreage generally changes little from year to year. Steady increases in Soviet acreage have largely offset the PRC's wide crop fluctuations.

FOREIGN UPLAND COTTON ACREAGE

Country	1973-74[1]	1974-75[2]
USSR	6,800	6,841
PRC	10,800	10,606
India	19,300	19,500
Brazil	5,850	6,050
Pakistan	4,500	5,050
Turkey	1,675	1,900
Mexico	1,065	1,225
Iran	825	910
Colombia	642	766
Syria	500	640
Argentina	1,250	1,380
Greece	360	400
Nicaragua	400	430
Guatemala	260	260
El Salvador	240	275
Uganda	2,500	2,500
Spain	290	346
Nigeria	800	838
Israel	82	100
Australia	75	95
Kenya	128	129
Total	58,342	60,241

[1] Estimate. [2] Forecast.

Cotton is handpicked in Iran (top left) where plantings of cotton are expected to rise to 910 acres in 1974-75 from the 825 acres sown in 1973-74, according to the results of a survey by U.S. Agricultural Attachés. Ginning of cotton in India (left), a top cotton producer, where about 19,500 acres could be planted to cotton in 1974-75—slightly more than this season's acreage. In Uganda (above), farmers wait their turns to weigh cotton. Uganda's plantings next season could be virtually unchanged at about 2,500 acres.

According to results of the survey, the 20 countries—which last year accounted for about 89 percent of foreign acreage planted in upland cotton—are expected to plant about 60.2 million acres of upland cotton in 1974-75, compared with 58.3 million planted this season.

Only Peru was included among the major foreign producers of extra-long-staple (ELS) cotton in the survey. However, ELS cotton acreage in Egypt and the Sudan does not generally change, so that Peru usually accounts for much of the change in the three countries combined. Total Peruvian cotton acreage, predominantly of ELS, is predicted to reach 413,000 acres in 1974-75, compared to 375,000 this season.

THE FINAL LEVEL of foreign cotton production will also depend on yields attained. The trend during the past 5 years has been an annual increase of about 5.8 pounds per acre. If this trend should continue in 1974-75 it would mean an increase in yield alone of about 1.7 percent.

But a number of factors suggest that cotton yields outside the United States next season could drop below the recent trend. In 1973-74, yields in foreign countries jumped sharply over the level of the previous year and the law of averages argues against another large increase next season.

Also, the energy crisis has some possible negative implications for cotton production. Generally, fuel availability is not likely to be a significant problem for foreign cotton-producing countries. However, many of the same countries are large importers of fertilizer, insecticides, pesticides, and herbicides, and may encounter more difficulty in obtaining supplies of these items.

If both the anticipated 3.4 percent increase in foreign cotton acreage next year and the recent trendline increase of 1.7 percent in yield should be realized, foreign cotton production would increase by almost 2.5 million bales. More likely, however, is a gain more in line with the average increase of about 1 million bales during the past 5 years.

The three major producers of ELS cotton had relatively large yield increases during 1973-74 over the previous year, so that further large increases next year do not seem likely.

If foreign cotton consumption and

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U.S. COTTON SALES TO PRC REACH 1 MILLION BALES IN 1973-74

Sale commitments of U.S. cotton to the People's Republic of China (PRC) in the 1973-74 marketing year come to just over 1 million bales, an increase of approximately 76 percent over actual shipments to that market last season when a weather-related shortfall triggered the initial sharp rise in imports. Total imports from all origins may total around 2 million bales.

As of February 10, 1974, the PRC had purchased 376,000 bales of U.S. cotton for delivery in 1974-75.

Although the PRC ranks as the world's third largest cotton producer behind the United States and the Soviet Union, China traditionally has needed to import varying amounts of raw cotton. This continuing import need is the combined result of recurringly stagnant cotton acreage and yields, increasing competition for land from food crops, and agro-climatic difficulties in increasing yields.

In addition, the economic importance of China's textile industry (almost wholely cotton) as a source of both foreign exchange and domestic employment, the low domestic per capita availability of cotton textiles, and a growing population have also compelled the PRC to regularly look to the international market as a source of cotton.

During the current season, cotton sales to China by many countries other than the United States are lower than in 1972-73, partly as a result of reduced availabilities of cotton for export in some countries and restrictions on cotton exports by others.

The larger U.S. share this season may also reflect a preference by the PRC for doing business with the United States because of the large supplies in a complete range of qualities available for export.

The level of China's future cotton import requirements is difficult to determine, despite claims at a recently held National Conference on Cotton Production that output in 1973-74 was up 20 percent from last year.

Competition for land from food crops remains high, and cotton acreage in 1973-74 is believed to have remained near the level of other recent years. Thus, it appears reasonable to assume that cotton imports will continue at a high level, although probably at a slightly more reduced magnitude.

—By ROBERT C. TETRO, FAS

COTTON: EXPORTS TO PEOPLE'S REPUBLIC OF CHINA
[1,000 bales of 480 pounds net]

Country of origin	1971-72	1972-73	1973-74
Australia	0	4	[6]4
Brazil	0	134	[5 7]35
Colombia	0	[3]4	[6]4
El Salvador	0	0	[5 8]50
Egypt	78	[1]64	[6]57
Guatemala	0	[5]33	[6]50
Iran	36	[2]200	[5]23
Kenya	12	18	[6]18
Mexico	73	111	70
Morocco	10	25	[3]23
Nicaragua	0	0	[5 8]50
Nigeria	[9]0	10	[6]55
Pakistan	83	119	[6]75
Sudan	171	[1]157	[6]160
Syria	69	75	0
Tanzania	68	[4]59	[6]60
Turkey	63	225	[5]276
Uganda	24	32	[6]20
United States	0	587	[10]1,035
Total	687	1,857	2,065

[1] August-June. [2] August-March. [3] August-December. [4] July-December. [5] Figures supplied in response to FASTO 302 [6] Extrapolations based on past purchase patterns. [7] Export sales through December 1973. [8] Standing offer, no purchase due to pending contract dispute. [9] January-May. [10] Based on export sales registrations as of December 30 and August-December exports of 75,000 bales.

Drop in Zaire's Palm Oil Output May Lead To Oil Imports

By ROSS L. PACKARD
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Foreign Agricultural Service

ZAIRE, LONG AN important exporter of palm oil, may require oil imports within the next 5-8 years due to a changing supply-demand situation. Zaire's palm oil industry currently is at such a critical stage that exports probably will drop to new lows and imports may be needed to meet rising domestic consumption before faltering production trends can be reversed.

In 1973, Zaire produced only about 185,000 metric tons (8 percent) of the world total of 2.4 million metric tons of palm oil, compared with 232,000 metric tons (19 percent) of the world total of 1.2 million metric tons in 1960. Zairian export trade in palm oil in 1973 dipped to 70,000 metric tons or about 5 percent of the world total of 1.3 million metric tons. In 1960 Zaire had exported 169,000 metric tons of palm oil or 28 percent of total world trade of 597,000 metric tons.

Zaire's problems in palm oil production began about the time the Democratic Republic of the Congo was formed in 1960. At that time about 500,000 acres were devoted to palm plantations and in the previous year production had totaled 240,000 tons. With the unrest and instability that followed independence, investors had little interest in renewing plantations and production began to decline.

Sufficient stability to encourage the palm oil industry did not return until about 1968. However, by that time, the industry was faced with a Government price policy which did not afford adequate profit for expansion. Industry survival in recent years largely has depended on exploiting old plantations and wild palms.

The first production stage of an oil palm is not reached for 5-8 years after planting and full production takes 10-12 years. Zaire's limited plantings of recent years barely reached early maturity in 1973. Old palms have passed their peak and in addition, have grown so tall, that workers are unwilling to risk climbing heights necessary to pick the oil-bearing fruit. As a result, workers harvest only enough to meet their minimal income needs and considerable production is not utilized.

Due to the reduced supplies of palm oil, the Zairian Government supplied the domestic market during the past year at the expense of foreign exchange earnings from its traditional export customers. If this policy continues, Zairian palm oil exports may reach a new low in the late 1970's.

By 1980, production—largely from old and deteriorating palms—probably will decline to about 150,000 metric tons or lower, compared with the production plateau of about 200,000 tons reached in 1968. Assuming domestic consumption were to level off at the 103,000 metric tons estimated for 1972, exports would be limited to less than 50,000 metric tons by 1980. However, within that period, industrial uses are expected to double and food requirements will increase also.

Present palm oil production trends indicate that Zairian export customers will be turning gradually to other countries for their oil supplies.

TRADITIONALLY, the Republic of Zaire has had Europe as a trading partner. Belgium continues to be a strong market, taking about 20 percent of Zaire's palm oil exports, but recently West Germany has become Zaire's No. 1 palm oil customer, taking about 30 percent of the oil exports. Italy is in second place, taking about 25 percent of Zaire's total palm oil exports.

The United States is an important customer for Zaire's palm kernel oil but buys only small quantities of that country's palm oil output.

Recently, the Zairian Government appears to have become more acutely aware of the palm oil production problem and plans are being rushed to try to shore up the deteriorating industry. Currently, two programs are under consideration. One, the Ubangi project, sponsored by the F.E.D. (Fond Europern de Developpement) is now being implemented. The other project, still under study, is "The National Plan of Palm," which has an objective of planting approximately 240,000 acres to palms.

Truckload of Zairian palm fruit enroute to palm oil factory. Zaire's output in recent years has been declining and exports may soon reach a new low.

However, even if major plantings are made in the next few years, a significant upswing in Zairian palm oil production probably will not be attained until the mid-1980's.

Some of the country's domestic oil needs might be met with peanut and cottonseed oil, but additional investments and prompt action would be required to utilize these crops.

Zaire produced about 180,000 tons of peanuts in 1972, but crushed only about 1,000 tons of oil. Some 40,000 tons of cottonseed were produced but only 3,600 tons of oil were crushed due to the limited and antiquated crushing facilities now in operation.

Another major problem which prevents crushing additional quantities of cottonseed and peanuts is the scattered production which makes collection of seeds at crushing plants difficult. In addition, reports earlier this year indicated that about half the cottonseed supply would be exported to Japan.

Other oil crops remain minor and probably have little real potential as a source of alternative oil supplies to meet Zaire's continuously increasing domestic requirements.

Mr. Packard was recently U.S. Agricultural Attaché, Kinshasa.

Dutch Veal Production Slows After Decade of Fast Growth

By CLINE J. WARREN
Assistant U.S. Agricultural Attaché
The Hague

DESPITE STRONG foreign demand for Dutch veal, output in the Netherlands is now leveling off, and there appears to be little likelihood of an early upturn in production.

This unusual situation is due mainly to two factors beyond the immediate control of the Netherlands veal industry —a shortage of calves, plus the apparent attainment of the biological maximium slaughter weight for milk-fed calves.

In the past 10 years, the industry expanded by an unprecedented average rate of almost 35 percent annually. Export demand, especially in Italy and West Germany, absorbed about 90 percent of total Dutch veal output.

Italy, in particular, became a lucrative market. Italian consumers demonstrated that they were willing to pay higher prices for veal imported from Holland than for the domestic Italian product.

Annual veal production now amounts to about 100,000 metric tons—three times the quantity produced just prior to establishment of the Common Market. But the new total is 7 percent below the record high achieved in 1971. The decline within the past 2 years reflects a 5-percent drop in the number of calves slaughtered.

Average yield per animal now shows signs of leveling off—an indication that the maximum possible weight at slaughter either has already been attained or will be reached shortly.

The industry is now finding it difficult to expand further—at least for the present—and future growth evidently will be possible only by diverting more calves from the dairy and beef sectors of the cattle industry and/or by increasing imports of high-quality baby calves from other countries.

But efforts to increase imports of calves currently are hampered by several problems. The calf shortage is worldwide, for one thing. Demand for calves is strong everywhere. Prices, consequently, have strengthened. Also, the strict health requirements that must be met before calves can be brought into the Netherlands tend to inhibit traffic in imported animals.

As a result of scarce supplies and high prices, imports of calves for fattening are arriving at a much slower rate than was the case in 1972.

Only 38,525 newborn calves were imported during the first 10 months of 1973, compared with 63,275 in the corresponding period of 1972. Prior to 1973, a steep upward trend had prevailed. For the whole of 1972, imports totaled 82,459 head, compared with 31,311 in 1970.

To meet the currently tight calf supply situation, the Dutch veal industry is taking several separate but related actions designed to increase domestic calf production. New breeds are being imported for trial feedings—a move that could result in higher yields. Second, advances in animal husbandry could bring a decrease in the death rate among newborn calves. Third, if the seasonal pattern of births can be altered (most Dutch calves are born between February and April), calf-fattening facilities could be used more efficiently and returns substantially increased.

Because of the limited import prospects and the increasing value of calves, renewed efforts are being made to reduce death losses. A recent survey made by the Provincial Health Service for Animals in North Brabant shows that calf death loss, including stillbirth, is about 11 percent. (Stillbirths and losses immediately after birth amount to 6 percent of the total calf crop; another 5 percent die during the growing period.) With an average calf price of about $130, these misfortunes add up to an annual loss of more than $28 million.

The development of the Netherlands veal industry has been closely tied to the availability of nonfat dry milk. This ingredient—which is made available under a subsidy currently amounting to about 15 U.S. cents per pound—is used in the preparation of a milk replacer for calf fattening. The nonfat dry milk ingredients now makes up 50 to 60 percent of the fattening ration—slightly less than the percentage used prior to 1970. A higher proportion of nondairy proteins—especially soybean and fish meals—is now used.

The continuing availability of nonfat dry milk is, of course, vitally important to the Dutch veal industry. The European Community (EC) Commission currently is seeking ways to lower the overall operation cost of the Common Agricultural Policy (CAP) and is taking steps to reduce the huge stocks of butter now on hand.

Because of these surplus supplies, the Commission now is giving more attention to expanding protein output rather than butter fat. As a result, nonfat dry milk prices have improved substantially relative to those for butter.

A separate proposal now before the EC Commission relates to incentives—premium payments are one possibility —for veal producers who bring their animals to greater maturity and heavier weights. But such a move is not likely to generate any significant expansion of the Dutch veal meat industry. Veal calves in the Netherlands already are carried to higher weights before slaughter than in any other EC country except Denmark.

Average yield per veal calf in the Netherlands—less edible offals and fat

NETHERLANDS: VEAL PRODUCTION[1]

Year	Number slaughtered	Average yield	Meat production
	1,000 head	*kilogram*	*1,000 metric tons*
1961	593.5	55.0	32.7
1962	725.3	67.1	48.7
1963	904.5	65.1	58.9
1964	716.4	80.0	57.3
1965	729.8	89.5	65.3
1966	757.5	88.3	66.9
1967	782.2	89.2	69.8
1968	884.8	89.5	79.2
1969	906.8	97.2	88.1
1970	1,015.4	99.4	101.0
1971	1,025.7	101.2	103.8
1972	933.2	104.2	97.2
1973[2]	930.0	103.8	96.6

[1] The number of calves slaughtered at birth has decreased in recent years; thus the larger numbers slaughtered earlier tend to lower the average yield for those years. [2] Forecast.

—currently amounts to about 232 pounds. This is 5 pounds over the 1971 average, and almost double that for 1960. At the same time, the length of the grow-out period has been extended only 15 days, and now totals about 130 days.

The cost of a baby calf (up to 3 months) is an important factor in determining the optimum marketing weight. When calf prices rise, vealers are normally carried to heavier weights. This practice tends to reduce the investment cost on a per pound basis. But vealers can be marketed profitably at lighter weights when calf prices soften.

THERE IS LITTLE opportunity for the industry to expand output by reducing the numbers of newborn calves slaughtered. Less than 1 percent of the annual calf crop is now slaughtered shortly after birth. In 1955, by contrast, 45 percent of the 1.5 million-head yield was slaughtered shortly after birth.

The Netherlands calf crop now numbers about 2 million annually. After subtracting the death loss of 10-12 percent, there are about 1.8 million animals available for distribution to the veal, dairy, or beef industries. About 75 percent (675,000 head) of all heifer calves normally go into the dairy sector, leaving approximately 225,000 heifer calves for veal production. These, plus the remaining 900,000 bull calves are distributed among veal and beef producers.

Veal prices in the Netherlands have, since 1964, regularly been higher than the EC orientation prices of veal. In recent years, Dutch veal prices have averaged 2.5-3 percent above EC veal prices.

NETHERLANDS: AVERAGE DRESSED CARCASS WEIGHT PER VEAL CALF

Country	Pounds 1960	Pounds 1971	Percent change[1]
Belgium	160.9	216.1	+34
France	[2]160.9	198.4	+23
West Germany	103.6	172.0	+66
Italy	163.1	205.0	+26
Netherlands	123.5	227.1	+84
Denmark	[2]185.2	262.3	+42
Ireland	198.4	[3]200.6	+1
United Kingdom	50.7	59.5	+17

[1] Reflects smaller numbers of calves slaughtered at birth in recent years. [2] 1962 data. [3] 1969 data. Source: Product Board for Livestock and Meat.

Dutch producers received an average liveweight price of 79.4 U.S. cents per pound for veal calves marketed during the last week of October 1973. This compares with an average annual price of 68.6 cents per pound in 1972. On a weight basis, veal calves have consistently commanded a price close to 1.5 times that of fed cattle. (In the United States, calf prices average 1.5-1.75 times cattle prices.) A change in the price relationship between prices of Dutch veal and cattle does not seem likely. The veal industry is well entrenched. Any major shifting of calves from veal production to beef production seems improbable.

A comparison of producer's prices of veal calves with those of calves raised as herd replacements indicates a slight shift in recent years in favor of veal calves. The higher prices of veal calves, projected over a period of time, suggest that farmers might market more of their milk through the veal industry and also might switch calves that normally would be used to expand the dairy herd to veal production. This could quite possibly occur in the short run, but such a practice would in time tend to reduce the total calf crop.

Unless there is a significant change in the orientation price of veal calves relative to the guaranteed price of milk, most producers are likely to employ official prices, rather than market prices, in making their decisions relating to long-term shifts. Official prices and market prices are closely correlated.

Because of the large sums of capital now required and rising input costs, the number of veal producers has declined sharply in recent years—from 15,533 in 1964 to approximately 5,000 in 1971. An average of 10 calves per farm was sold in 1964, compared with about 100 in 1971. A recent survey indicates, however, that one-third of all producers now market 200 or more animals per year, and 10 percent market 400 or more animals. Man-hours per animal have been cut in half during the past decade—down to 3.6 hours per animal in 1971.

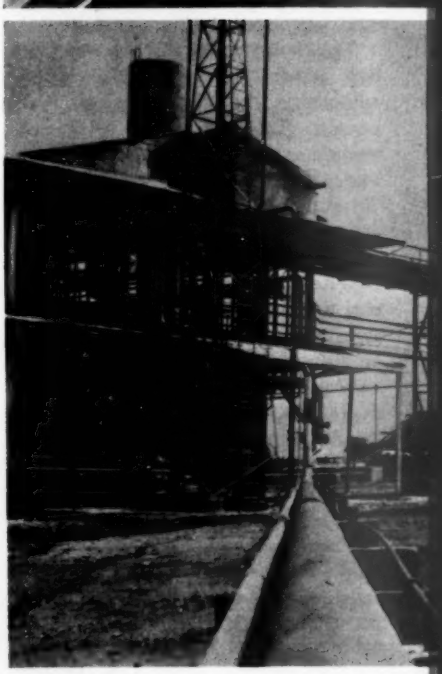
Technological advances in Dutch veal production have been a key factor in the nation's high level of performance. The adoption of new nutritional and management practices has opened the door to efficient operation and lower costs. But there are indications that the law of diminishing returns may be asserting itself in the nutritional area. The greatest gains in the immediate future probably are in the area of reducing death losses and in automation of feeding.

Traditional Dutch method feeding veal calves (top). Feed ration (above) contains nonfat dry milk, soybean or fish meal, and microingredients.

To compensate for increasing calf and labor costs, more producers are turning to automatic feeding equipment. Growing use is made of equipment that prepares a complete feeding formula and makes it available at desired feeding intervals.

About two-thirds of Dutch calf-fattening is done under contract. In a typical contract arrangement, a feed mill and a farmer conclude a contract in which the farmer agrees to supply calves, labor, and facilities in exchange for a fixed compensation per calf. The mill supplies the feed. Thus the farmer receives—in effect—a salary, and avoids financial risk.

Brazil's Co-ops Provide Vital Services to Nation's Farmers



BRAZILIAN AGRICULTURAL cooperatives are playing a major role in aiding farmers in that country to improve their production, marketing, and level of living.[1] Much of Brazil's farm output is transported, bought, sold, stored, graded, tested, baled, packed, and exported by various farm co-ops.

They also provide their members with agricultural machinery, seeds and fertilizer, technical advice, laboratory services, financial assistance, and information regarding new crops. They sometimes serve as import agents for their members and often sell them consumer goods at low prices.

And yet, despite this heavy flow of services, not all of Brazil's co-ops serve their members in an adequate or proficient manner.

Of the approximately 3,500 co-ops in Brazil, the 1,000-1,500 "operative" —that is, successful—ones are concentrated largely in the Center-South part of the country. Efficient, effective co-ops are the exception rather than the rule in the problem areas of the north and northeast.

Brazil's cooperatives, even those that seem to be doing the best job, can improve operations by giving particular attention to three basic problem areas: A chronic lack of capital, a shortage of good managers, and a failure on the part of farmers to understand the principles by which cooperatives operate. But all three of these shortcomings are in the process of being corrected.

Undercapitalization can be laid to the last-named fault and to widespread rural poverty, especially in the north and northeast. Inability, sometimes unwillingness, to pay competitive salaries is often responsible for managerial deficiencies. Farmer understanding is wanting because of too little schooling and the primitiveness of some rural areas. Comprehension of co-op objectives can be, and is, being increased through extension programs, but existing programs, while first rate, are narrowly distributed, again because of inadequate funds.

Although Brazil's cooperatives are able to borrow investment funds and working capital from the National Bank of Cooperative Credit (BNCC), the Bank of Brazil, and State and private banks, co-ops must obtain initial investment capital from their members. There are various devices by which co-ops obtain this financing.

One of the financing devices used is to encourage members to make individual bank loans on 3-year promissory notes, the funds thus realized being credited by the bank to the co-op as capital contributions.

A second method, resorted to occasionally in isolated parts of the interior, is to require farmer-members to turn over, for capitalization purposes, part of their borrowed production credit money equal to their capital subscription. But the quickest, surest, and most remunerative way to raise capital or operating funds—and the one most widely resorted to—is for the co-op to retain 2 or 3 percent of the value of the produce handled for its members.

Inferior management may be a consequence of inexperience as well as failure to pay adequate salaries. Managers usually are elected by and from the membership, and, more often than not, are without experience. Federal and State organs, including the Extension Service, try to fill the technical and professional vacuum by providing training courses in administration, marketing, financing, and accounting.

But because educational programs alone have not proved equal to the need, the Ministry of Agriculture, through its National Colonization and Agrarian Reform Institute (INCRA), has embarked on a technical aid program to subsidize the salaries of professional managers in some cooperatives on a decreasing scale for 3 years.

Salaries vary according to the local labor market, the responsibilities the manager must undertake, and sometimes the discomforts of the job. Trade school graduates with administrative, accounting, or similar experience are most in demand.

It has long been recognized by governmental and local leaders that the quickest way to gain membership understanding of cooperative principles is to concentrate attention on a concrete target such as good service. If the co-op is able to provide storage facilities close to members' farms, make credit avail-

[1] This significant advance in cooperative activity in Brazil's agriculture is based on substantial contributions of cooperative specialists from Farmer Cooperative Service, U.S. Department of Agriculture. At the request of the Brazilian Government these specialists entered the country in 1965 and began offering technical advice on the many facets of cooperative development to officials of Federal and State Governments and cooperative organizations.

Above, this spotless supermarket in São Paulo, operated by one of the country's largest cooperatives, is just one of its services to members. Left, vegetable oil refinery at Adamantina is also owned by a Brazilian co-op.

able, procure and make accessible production inputs like seeds, machinery, fertilizer, and pesticides, and get good prices for members' products, its membership grows. If it does not provide these or similar services, its membership list remains static or declines.

MORE THAN 1,000 of the best producer cooperatives are located in the Center-South region of the country, and it is here that the co-op effort is expanding. The trend is regressive elsewhere. Some 400 of the most versatile, best organized groups are in the State of São Paulo, and Co-op Cotia is an outstanding example. (See *Foreign Agriculture*, Dec. 27, 1971.)

Comprising largely a truck gardener membership of Japanese descent (there are about 600,000 Japanese in the State), which constitutes the mainstay of São Paulo State's wholesale market, the Agricultural Cooperative of Cotia is the largest agricultural co-op in Latin America. However, there are also other successful cooperatives consisting of Brazil's coffee, sugar, and cotton growers.

In Paraná, the principal coffee-growing State on Brazil's southern Atlantic coast, which has about 150 functioning cooperatives, two Cotia affiliates in 1969 handled nearly half the total volume serviced by all the country's coffee co-ops. Because dynamic Government policy favors wheat production, plus an unusually strong market for soybeans—two crops frequently grown in rotation in the same year—Paraná has experienced an upsurge in cooperative activity. Co-op members now produce 83 percent of the State's wheat and about 80 percent of its soybeans.

Rio Grande do Sul, Brazil's southernmost State, is No. 1 in production of wheat (about 87 percent of the Nation's outturn), soybeans, rice, and meat for export. Members of its 200 "strong" co-ops produce 85 percent of the State's wheat and soybeans, half the rice, meat, and wines, and all of the wool. Almost all producers are united in federations according to principal product lines.

FECOTRIGO, the wheat producers' co-op, speaks with an influential voice on policy and research. One of its member cooperatives is building a 100,000-ton silo—the largest in Brazil—at the port of Rio Grande, some distance from its own doorstep.

Meat, wool, and wine cooperatives export directly to the United States and Europe. Individual wine groups, comparable in size to some in California, possess storage barrels holding up to nearly 140,000 quarts each, with total storage capacities of 4 million to 5 million quarts per cooperative.

Although Santa Catarina is one of Brazil's smallest States, it has a strong cooperative structure because, like Rio Grande do Sul, it was settled by Germans and Italians. Minas Gerais, in Central Brazil, has about 200 operative co-ops, led by the Federation of Dairy Farmers, which operates two large pasturizing plants and a pickup service by insulated tank trucks and has an electronic bookkeeping system. Minas Gerais is first in the number of rural electric cooperatives, a movement that—while growing—is some years behind that in the United States.

As incomes grow, farmers will seek to benefit from the advantages offered by electricity. At that time, existing electrical cooperatives will probably show great growth and new ones will come into being. In time, electrical devices may be almost as commonplace on the farm as they are in some of Brazil's major cities.

In the northeast and north, only a few cooperatives are exercising any telling influence for either better conditions for the producer or fairer prices for the consumer. SUDENE (Northeast Development Superintendency) and various extension services, with the help of INCRA, are striving to reinvigorate the cooperative movement in the nine States of the northeast. Similar efforts are also taking place under the aegis of other developmental agencies and in such wild regions as the Amazon basin, now being settled under programs of the Federal Government. (See *Foreign Agriculture*, Mar. 27, 1972.)

CONSUMER AND CREDIT cooperatives have achieved minor successes in some parts of Brazil, but only failures in others. The former have resulted from the frugality and resourcefulness of European immigrants living in Brazil, the latter from resistance by some Brazilian lending agencies. The December 1971 law strengthening cooperatives has removed some of the previous restraints. Some types of cooperatives are now permitted to maintain credit operations.

Consumer cooperatives are found in most urban areas. Membership is usually restricted to certain emp'oyee groups, but their existence is somewhat tenuous. Unable to compete with modern supermarket chains, they are probably marked for early extinction unless their structure is changed to allow them to expand their services.

Overall, prospects for cooperative growth in Brazil, quantitatively and qualitatively, are good—and for many reasons. Undermanned and underfinanced extension services can reach more individual farmers through co-ops. Manufacturers of farming inputs realize the advantages offered by co-op centralized receiving systems, and silos and granaries operated by big cooperatives are speeding the trend toward bulk marketing of produce. Financial institutions find it less costly to lend production and marketing money to co-op credit sections than to individuals. And increasing numbers of farmers are becoming aware of the advantages of co-op membership.

With proper planning for the future, with the addition of services as new needs arise, and with proper recruiting programs Brazil's cooperative movement will probably continue to expand and serve its members more effectively.

Argentine Grain

Continued from page 4

sold to international buyers at higher prices than were paid to farmers. Current export taxes of up to 49.55 percent create about the same differential between producer prices and export prices. A major concern among producers over any State trading system is that the payments may be delayed.

Any future increases in the quantities of grains produced in Argentina will have to come about through higher productivity. Expansion of growing areas can take place only at relatively high cost. There is room for improvement, such as by adoption of more fertilizer-responsive varieties of flint corn with shorter growing cycles, which would allow expansion of the corn area in southern production regions, and by employment of intensive cultural methods.

Wheat production in Argentina—even in the fertile Pampa—is approximately equal to that of the United Kingdom, even though the total area planted is almost double that of the United Kingdom. And corn yields in the 1969-71 crop years were less than half those of the United States. But they were about 50 percent higher than those of South Africa, another country subject to extreme weather conditions.

A Mexican dwarf wheat grown on an experimental plot in Tucamon Province yielded about 52 bushels per acre—more than double the Argentine average. But the suitability of this wheat to the major producing areas is in doubt.

Higher corn yields could result from a wider use of irrigation and herbicides as well as from the new hybrid seeds. Varieties of hybrid dent corn—ordinarily more responsive, in other countries, to fertilizer—represent only about 5 percent of total corn production. Semidents are an even smaller proportion. Expansion of dent and semident corn is not anticipated, and outturn during the past 2 years reportedly has declined.

Dent corn exports normally amount to only about 5,000-10,000 tons annually. Chief uses: Distilling, candy, starch, mixed feeds. Dent varieties known to be highly responsive to fertilizer usually do not respond to increased fertilizer application in most of Argentina's corn-growing regions, due to a difference in the soil composition. Even if fertilizer-responsive dent or flint corn varieties suitable to Pampean conditions were available, producers might not consider the prices they receive to be adequate compensation for the higher costs of increased fertilizer use. And because of the extremely variable weather conditions in Argentina, any expanded use of fertilizer or herbicides greatly increases the financial risk at stake.

TOTAL ARGENTINE areas sown in grains are not expected to increase appreciably in the immediate future. Some switching in the commodity mixes is possible, however—either grain sorghum or Durum for bread wheat, for example. And grain sorghum output should continue to expand, due to higher yields and some increase in total area.

Bread wheat yields could now be increased by adoption of the Mexican dwarf varieties. But for the most part, no major increases are anticipated in grain yields.

Several existing Government programs are designed to increase total grain production. Higher support prices, land reform, and expanded credits are examples of the incentives that are offered. But these efforts must be examined in the light of Argentine economic policies designed to supply low-priced food to consumers by insulating the Argentine market from world prices. Any change in the existing system that would expose producers to the stimulating effects of higher world prices probably would result in increases in Argentine grain productivity.

Argentina has a great resource in its soil. In the main corn area, La Pampa, yields are frequently 80 bushels per acre when rainfall is sufficient—and this is without fertilizer. There would seem a good potential to improve on these corn yields with use of fertilizer, which now is an expensive item.

World Cotton Output Up

Continued from page 6

production should fall within these ranges next season, the difference between the two—which provides a general measure of import needs—is likely to be between about 4 million and 6 million bales, with the higher figure more likely.

Yet, foreign cotton stocks are at record high levels and one might ask whether these countries will continue to increase or even maintain present levels in view of today's high cotton prices and interest rates. But foreign cotton consumption is increasing rapidly, and higher levels of consumption require higher stock levels. Further, the United States no longer carries the large stocks that the rest of the world depended on for so many years.

Current shipping problems have increased the willingness of importing countries to have stocks on hand to protect them against temporary delays in receipts. Also, fluctuations in world monetary values during the last several years have increased interest in holding commodities rather than money.

Moreover, unlike some other cotton-producing countries, U.S. producers and exporters honored export contracts last season even when market prices rose. This further enhanced the U.S. position as a reliable and trustworthy supplier.

U.S. Dairy Imports Reach New High in 1973

U.S. dairy imports in 1973 totaled 3.9 billion pounds (milk equivalent), an increase of 2.2 billion pounds over the 1972 total. The new level also exceeded the previous high mark of 2.9 billion pounds in 1967. The record volume reflected temporary increases in import quotas allowed by Section 22 of the Agricultural Act, as amended, for butter, butter oil, and various categories of cheese in response to lower than anticipated domestic production. U.S. milk production in 1973 was down by 4.2 billion pounds.

Total U.S. cheese imports were 232 million pounds, compared with 179 million in 1972. Because of Section 22 actions, imports of cheese subject to quotas nearly doubled over the relatively low level of 1972; imports of all nonquota cheeses fell.

Because of temporary-quota increases, nonfat dry milk imports were 266.6 million pounds in 1973, compared with 1.6 million pounds the previous year. Butter and butter oil imports were 55.6 and 23.8 million pounds, respectively; in 1972, imports were equal to the regular quota amounts of 700,000 and 1.2 million pounds, respectively.

CROPS AND MARKETS

TOBACCO

New U.S. Tobacco Shipment to PRC Totals 1.2 Million Pounds

Following two smaller shipments of U.S. tobacco to the People's Republic of China (PRC) in July and October 1973, a larger sale totaling 1.2 million pounds was shipped in January 1974. The value of this last sale was $1.5 million for an average $1.22 per pound, all unstemmed flue-cured leaf.

Imports of tobacco from the PRC have also been made by the United States. During 1973, a total of 586,000 pounds, mostly cigarette leaf, was received and in January 1974, an additional 503,000 pounds arrived. The January imports were valued at $193,000, about 38 cents per pound.

Further limited U.S. shipments may be made in the months ahead but it is believed China will become a significant purchaser of U.S. tobacco only if this country takes more PRC leaf tobacco.

U.K. Sets Dollar Area Cigar Quota

The United Kingdom recently set the 1974 import quota for cigars from the dollar area. The announced quota is US$552,600 c.i.f., of which not more than $172,700 will be available for handmade cigars. The quota, up from $240,000 in 1973, will end after 1974.

Swedish Per Capita Cigarette Consumption Down in 1973

The value of tobacco products consumed in Sweden in 1973 was down 5.9 percent from 1972. The decline is the result of a drop in per capita cigarette consumption which, based on preliminary information, fell from 1,384 pieces in 1972 to 1,159 in 1973. Per capita consumption of other tobacco products remained stable for the same period.

Sweden's drop in cigarete smoking is believed the result of a 12-percent increase in price, antismoking campaigns, and the current consumer inclination to save.

During 1973, the United States shipped Sweden 302.3 million cigarettes valued at $1.9 million and 17 million pounds of unmanufactured tobacco valued at $15.6 million. This compares with 256.2 million cigarettes and 20.5 million pounds of leaf tobacco shipped in 1972.

LIVESTOCK AND MEAT PRODUCTS

Dominican Republic Stops Beef Exports

Effective February 12, 1974, beef exports from the Dominican Republic were suspended for February and March due to the 12 Central American games which started in Santo Domingo February 18. The Dominican Republic periodically suspends beef exports to maintain adequate domestic supplies.

The current suspension is not expected to reduce meat imports into the United States by any large amount. U.S. Bureau of the Census statistics for 1973 reveal average monthly beef imports from the Dominican Republic subject to the Meat Import Law to be only 1.4 million pounds per month.

January U.S. Meat Imports 11 Percent Higher

U.S. imports of meats subject to the Meat Import Law (fresh, chilled, and frozen beef, veal, mutton, and goat meat) totaled 118 million pounds in January—11 percent more than imports in the same month of 1973. This is the highest January total for meat imports since January 1970 when 125 million pounds were received.

Australia continues to be the primary source of meat imports with 68 million pounds for January 1974—up 42 percent from the same month of 1973.

DAIRY AND POULTRY

Italy's High Dairy Costs To Cut U.S. Cattle Imports

Spiraling dairy production costs in northern Italy may curtail sales of U.S. breeding stock, milking and processing machinery, and feed ingredients to that region in the immediate future, according to Italian dairymen.

Although average returns received in 1973 by dairy cooperative members in the area were almost 2 U.S. cents per quart higher than originally expected, costs for feed, fertilizers, machinery, and labor have outdistanced income. Consumer demand for dairy products has been strong, but uncertainty prevails as producers try to cut costs and stay in business. Larger, more efficient producers have curtailed all immediate plans for expansion, while some small-scale dairymen have quit the industry.

European agricultural experts predict problems will continue for northern Italy's dairymen, and—although more dairy products are being sold at higher prices—U.S. sales of dairy production equipment may drop off.

Canadian Food Board Attacks Egg Marketing Policies

The Canadian Food Prices Review Board has charged the Canadian Egg Marketing Agency (CEMA) with keeping egg prices at artificially high levels by controlling the number of shell eggs marketed.

A substantial rise in Canadian egg prices during 1973 was attributed mainly to increasing feed costs, which accounted for about 65 percent of total egg production expenses. However, the Board's Report on Egg Prices stated that although feed costs did eventually decline late in the year, consumer egg prices did not decrease at a corresponding rate. The Board

said CEMA surplus disposal programs and high egg prices in the United States enabled the agency to maintain high producer prices for eggs in Canada.

Egg exports to the United States in the week ending December 29, 1973, totaled 383,183 cases (30 doz. eggs each), 13 times the total exported during the same period in 1972.

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	March 12	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	6.68	— 2	3.12
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	6.10	—57	2.85
15 percent	(1)	(1)	2.87
U.S. No. 2 Hard Winter:			
12 percent	6.08	—60	2.71
No. 3 Hard Amber Durum	8.30	—60	2.93
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.71	—15	2.08
Argentine Plate corn	4.03	— 5	2.26
U.S. No. 2 sorghum	3.54	0	2.14
Argentine-Granifero sorghum	3.49	— 1	2.15
U.S. No. 3 Feed barley	3.15	—10	1.81
Soybeans: [3]			
U.S. No. 2 Yellow	7.35	—11	7.43
EC import levies:			
Wheat [4]	[5] 0	0	1.62
Corn [6]	[5] 0	0	1.23
Sorghum [6]	[5] 0	0	1.10

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 18 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

FATS, OILS, AND OILSEEDS

Peru Starts Anchovy Fishing With Half-Million-Ton Target

According to a report from Lima, the Peruvian Ministry of Fisheries announced that anchovy fishing was to be renewed along the entire coast on March 5. Fishing will proceed until a 500,000-metric-ton catch is achieved, but no fishing will be permitted Saturdays through Mondays.

The fleet will be limited to 450 boats having at least a 200-ton capacity. Good fishing conditions were indicated along the south and central coast, but there is some question about conditions further north in the Chimbote area. About 120 boats from the Chimbote port will participate, but they may have to go farther out to sea than usual.

While Peruvian fishermen are optimistic, scientists are concerned about the possibility of overfishing. They believe the 500,000-ton quota could be caught in only about 8 days of fishing. There is a general feeling that fishing in the 1973-74 season may be limited to 1 million tons and that the total catch for calendar 1974 may not exceed 3 million tons.

A 3-million-ton catch would yield about 600,000 tons of fishmeal—270,000 tons more than in 1973. Although this would mean an increase equal to the protein fraction of 18 million bushels more soybeans than last year, the total volume would be less than one-third the annual volume produced during the 1967-71 period and only one-half of the initially indicated 1.2-million-ton output, based on the reported catch target of 6 million tons.

Mexico Buys U.S. Soybeans and Oil

On February 28, the Mexican supply agency, CONASUPO, purchased 96,000 metric tons of soybeans and 38,100 metric tons of soybean oil in the United States. Delivery is scheduled over a period from May through September of this year.

The substantial purchase of oil was reportedly based on transportation difficulties experienced by CONASUPO in the United States in 1973 and the U.S. soybean embargo in the same year. In addition, their 1974 soybean crop is not expected to exceed 400,000 metric tons, compared to a 510,000-metric-ton crop last year.

Mexican officials estimate their 1973-74 (July-June) deficit of fats and oils at 140,000 metric tons. For this same period, imports of fats and oils, including the oil equivalent of oilseeds, are expected to total 190,000 metric tons. These imports may permit CONASUPO to build stocks and provide for some increase in consumption.

Tung Oil Output To Expand in 1974-75

A recent dispatch from Argentina indicates the 1974 tung nut harvest there is expected to result in oil production of 16,500 tons, compared with 5,000 tons in 1973-74. Paraguay's 1974 nut harvest is forecast to yield about 10,000 tons of oil, compared with 2,000 tons in 1973-74.

Because domestic utilization of tung oil in these countries is negligible, combined exportable supplies from the two are expected to approximate 26,000 tons—nearly 20,000 tons above the 1973-74 volume. The increase chiefly reflects a cyclical biennial increase accented by recovery from last year's frost-damaged crops.

Tung oil production this season in the People's Republic of China (PRC) is estimated at roughly 100,000 tons or slightly above that of a year ago. The increase is based on fragmentary indications of improved growing conditions. Current information concerning the outlook for the PRC's 1974 tung nut harvest is not available.

South Africa Ups Peanut And Sunflowerseed Area

South Africa's first official estimate of 1973-74 crop peanut and sunflowerseed plantings indicates a reversal of the previous year's drought-induced acreage shifts.

Plantings for this year's April-May harvested peanut crop are placed at 900,000 acres, 45 percent above the reduced 1972-73 area but only 1 percent above the average for the previous 5 years.

Recent reports have indicated excellent growing conditions for the current crop and, if they continue favorable, produc-

tion can be expected to total between 350,000 and 400,000 metric tons (unshelled basis), compared with 179,000 tons a year earlier.

Sunflowerseed acreage in 1973-74 is estimated at 595,000 acres, compared with 855,000 acres in 1972-73 and 475,000 acres in 1971-72. While the 1972-73 drought resulted in last year's 80-percent rise in sunflowerseed area, improved rainfall this season has permitted larger peanut plantings. Thus, sunflowerseed acreage has declined 30 percent in 1973-74. However, this year's sunflowerseed acreage is still 25 percent above that of 1971-72 and almost 50 percent above the 1967-68/1971-72 average.

The larger 1973-74 peanut crop is expected to more than offset the decline in sunflowerseed output and result in increased exports of peanuts and products.

West Malaysia's Palm Oil Output Less Than Expected

In 1973, West Malaysia produced 736,800 metric tons of palm oil—77,500 metric tons more than the 659,300 metric tons of 1972, but 25,000 metric tons less than preliminary estimates indicated.

Exports of palm oil from West Malaysia during 1973 totaled 723,900 metric tons, 101,600 tons above the 1972 volume. Despite expansion in availabilities of palm oil, U.S. imports declined 20 million pounds, reflecting less favorable prices relative to cottonseed and soybean oils. U.S. total imports of palm oil in 1973 were 175,000 metric tons, of which 111,600 were from West Malaysia.

SUGAR AND TROPICAL PRODUCTS

Republic of South Africa May Build New Sugar Mill

The local subsidiary of a London-based international group has been granted permission by the South African Department of Industries to conduct a feasibility study on the possible construction of a new sugar mill in the Kwazulu border near Melmoth. Melmoth is about 100 miles north of Durban and is near a new railway line linking the Transvaal with Richards Bay.

The mill envisaged would be able to produce about 100,000 tons of sugar annually, and would require about 1 million tons of sugarcane a year. Cane growers in the Melmoth area now produce only about 250,000 tons of cane annually and this is now milled by a more distant mill. A majority of the new cane would have to come from new African growers on farms in Kwazulu.

The feasibility study will be conducted over a 6-month period, and if a mill is approved, it could give a big agricultural boost to the fledgling Kwazulu homeland.

Swaziland To Build Third Sugar Mill

Swaziland recently announced that an agreement had been reached between the Minister of Industry, Mines, and Tourism and a firm in the United Kingdom to "advance the third sugar mill project in Swaziland." It is expected the creation of a third mill can be made without market risks.

Swaziland now produces about 200,000 metric tons of sugar annually, consumes about 15,000 tons, and exports the remainder. The United Kingdom takes half the sugar exported, with Canada, the United States, and Zambia taking most of the other half. The income from sugar provides the bulk of Swaziland's foreign exchange.

GENERAL

New Publication on EC Agriculture Available

A new publication, *Food and Agriculture in the Common Market—Political and Economic Aspects,* has recently been released by the European Research Bureau in Oxford, England. Prepared under the general editorial guidance of Edmund Neville-Rolfe, a recognized economist in the United Kingdom, the publication presents a selective reading list of papers and other documents issued in the six member countries of the European Community (EC) between the years 1967 and 1972.

In addition to listing institutions in the EC concerned with economic research, the booklet covers such topics as EC agricultural policy, the structure of production, farm marketing, food processing and distribution, EC demand for food, as well as chapters covering the production and marketing of individual farm products.

Single copies of the publication may be obtained free of charge by writing to Economic Research Service, Room 0054 South Bldg., Washington, D.C. 20250.

Energy Shortage Boosts Prices For Belgian Farmers, Consumers

Effects of the fuel shortage on Belgian agriculture will be felt by both farmer and consumer as operating costs and retail prices mount, according to Constant Boon, president of the Boerenbond, one of Belgium's largest and most influential farm organizations.

In a recent broadcast on Radio B.R.T., Professor Boon indicated that while fuel oil supplies for tractors and greenhouses are virtually guaranteed, costs for these supplies are likely to increase substantially. Belgian farmers who face these increases wonder how the boosts will be reflected in retail prices of their products, and if consumers will be willing to shoulder the additional costs. Consumer resistance to steep retail price hikes could mean economic hardships for producers. Products especially affected by these higher costs include cereals, sugarbeets, vegetables grown both indoors and out, especially potatoes, and fruits.

Fuel allocations are not as certain for farmers raising broilers, laying hens, and pigs. Shortages of liquified gas will probably cause broilers to be in short supply and more expensive as operating expenses mount.

Other Foreign Agriculture Publications

- U.S. Tobacco Imports Continued Rise in 1973 (FT-2-74)
- World Production of Fats and Oils (FFO-4-74)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918 S.; Tel.: 202 447-7937.

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FOREIGN AGRICULTURE

UNITED KINGDOM EXTENDS EC PREFERENCES ON TEXTILE IMPORTS

As a consequence of the January 1, 1974, switchover to the European Community (EC) Generalized Scheme of Preferences (GSP), the United Kingdom has for the first time admitted textiles duty free from developing countries outside the Commonwealth.

Whereas the British preference plan permitted unlimited duty-free entry of Commonwealth textiles prior to January 1, 1972, the EC Scheme provides duty-free entry only for a specified amount of "sensitive" textile products. Beyond this level the goods are subject to full most-favored-nation duty.

The EC quotas are based on the total value of imports in 1968 from countries benefiting from the Scheme plus 5 percent of the value of imports from other countries.

Five of the 15 countries eligible for the full range of these new concessions previously sent their products into the United Kingdom under the Commonwealth preference. These are: Bangladesh, India, Jamaica, Malaysia, and Pakistan. Ten other low-cost suppliers —including Colombia, Korea, and Mexico—did not have any U.K. preference and they are now expected to make a drive for the British market. Other countries benefiting from the new preferences are: Afghanistan, Argentina, Egypt, El Salvador, Indonesia, the Philippines, and Thailand.

In order to qualify for duty-free quotas, developing countries are expected to undertake in the Community commitments under the new Multifiber Arrangement on Trade in Textiles (MFA) of the General Agreement on Tariffs and Trade (GATT) similar to those previously existing under the Long-Term Arrangement Governing International Trade in Cotton Textiles.

An important outsider to the new textile preference scheme is Hong Kong, now in the position of having to pay a higher duty than rival suppliers. For purposes of this scheme, Hong Kong is not classified as a developing country by the EC, although it is given preferential status for its other manufactured products.

The EC Scheme presently excludes Hong Kong from textile and footwear preferences, but the British Government reportedly is committed to seek reinstatement of preferences for Hong Kong for 1975. Current sales of Hong Kong textiles and clothing—valued at about US$300 million in the United Kingdom—reflect the importance of the British market to the Hong Kong textile and apparel industry.

Another outsider is Taiwan, which, for political reasons, is not a member of the United Nations, and therefore not a member of the Group of 77 developing countries that worked out the preferential arrangement in the United Nations Conference on Trade and Development (UNCTAD).

According to the schedule established by Community regulations, the United Kingdom is to receive 22 percent of the most sensitive cotton-textile products admitted under the preferential scheme.

Despite the sweeping nature of these changes in U.K. textile policy, some observers believe the new duty-free quota system may not have much effect on the volume of imports, the level of prices, or even the U.K. market share gained by supplier countries. This conclusion is based on the view that country quotas established by the EC Commission distort historical trade patterns.

In addition, importers may find it difficult to operate under the EC Scheme, since they will not know until after entry the actual cost for goods brought in from these developing countries. This is because of uncertainty about applicability of duty-free status on specific shipments in view of quantity limits on the amount of goods admitted free of duty.

—By BERNICE M. HORNBECK, FAS

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